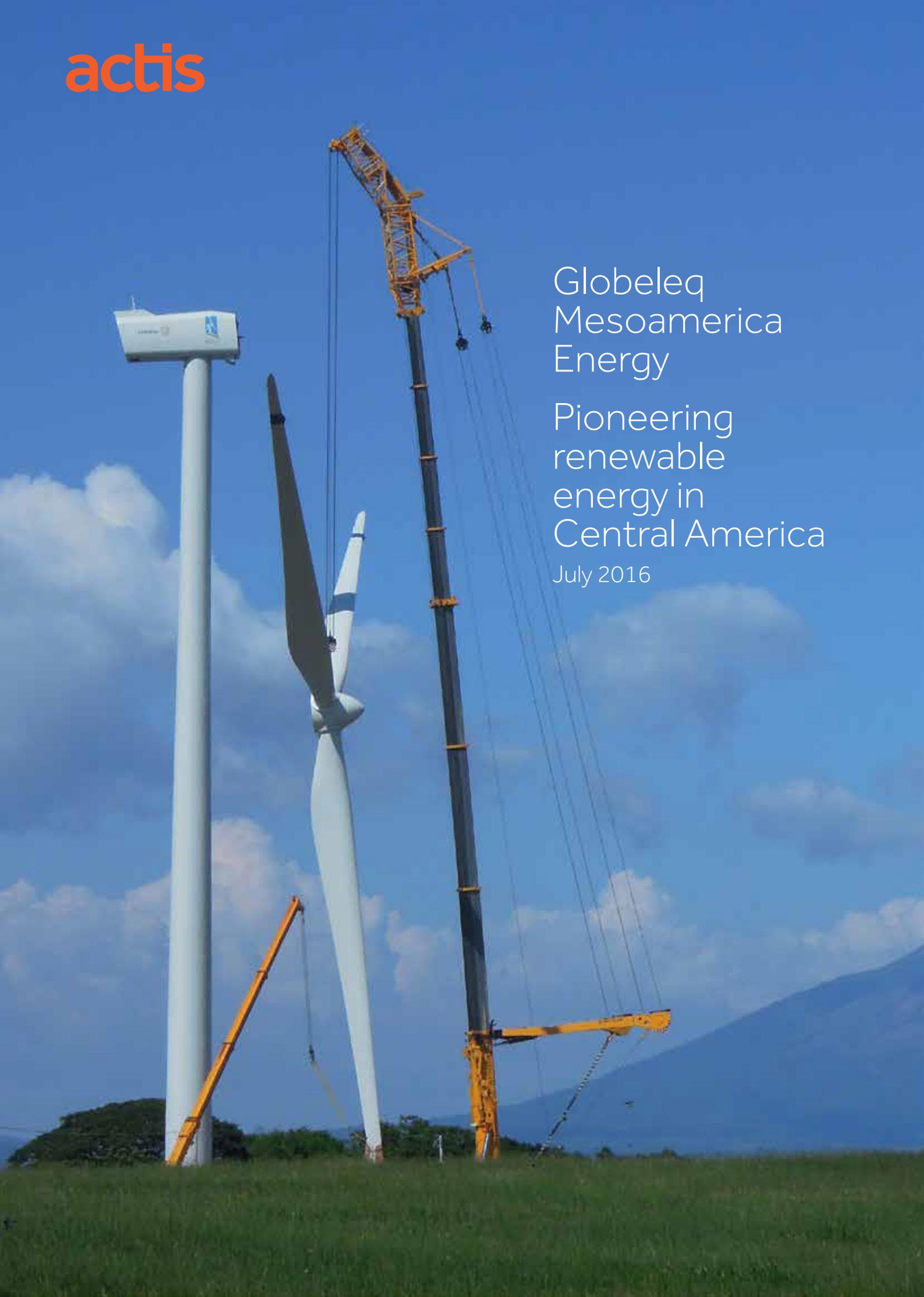


The logo for Actis, consisting of the word "actis" in a lowercase, orange, sans-serif font.A photograph of a wind turbine under construction in a grassy field. A tall, white tower stands on the left. A large, white nacelle is mounted on top of the tower. A large, white blade is being hoisted by a yellow crane. Another yellow crane is positioned at the base of the tower. The background shows a blue sky with scattered white clouds and a distant mountain range.

Globeleq
Mesoamerica
Energy

Pioneering
renewable
energy in
Central America

July 2016

Globeleq Mesoamerica Energy (GME)

Globeleq Mesoamerica Energy (GME) is the leading renewable platform in Central America, with an operating capacity footprint of 394 MW. Based in San Jose, Costa Rica, its operations span wind and solar technologies across some of the most attractive power markets in the region.

GME commenced operations in 1996 with the construction of Latin America's first utility-scale wind farm in Costa Rica. The Company's portfolio also includes landmark projects such as Cerro de Hula in Honduras, the largest wind farm in Central America. GME also has a proprietary project pipeline of over 400 MW across the region.

The world-class asset portfolio features first-tier development finance institutions and project finance lenders, World Bank MIGA insurance, and 100% USD-denominated cash flows fully contracted to creditworthy off-takers.

Context

Central America exhibits solid fundamentals, which are driving the growing role of renewable energy. Demand growth – combined with reliance on high-cost technologies – means that wind and solar power are cost competitive against relatively expensive thermal generation. Over the past ten years, the region has experienced solid annual electricity demand growth of 3-4%. This trend is expected to continue in the coming decade, driven by GDP growth and relatively low electrification (90% in Central America vs. Latin America average of 99%).

The region's high dependency on expensive thermal and seasonal hydro generation serves as a catalyst for governments to incentivise renewables. The lack of indigenous fossil fuels creates an expensive generation base, with heavy fuel oil and diesel-fired capacity representing over 80% of total thermal capacity.

Wind and solar assets are competitive power sources – and have strong government and institutional support. The region possesses exceptional wind resources, with some of the world's highest plant capacity factors as well as high quality solar irradiation.

The Actis approach

Whilst striving to meet the high growth in Latin America, the dynamics of the power market shift in response to multiple factors including market reform, technological change, security of supply, affordability, and environmental and social considerations.

Actis believes that successful investments in Latin America's energy sector require deep industry knowledge and experience to navigate this complex combination of factors. Few investors in this space can compete with Actis' energy track record, industry expertise, and local knowledge and relationships.

GME's business plan reflects the success of Actis's proven, replicable strategy of building power generation companies through aggregating individual assets to create a company of scale that will be attractive to strategic investors.

What we did

Actis invested in GME in 2010, acquiring a 70% stake in the Company, partnering with Central American private equity firm Mesoamerica. GME originally had just 23 MW in operation. Over the next five years, Actis worked with the management team to bring the platform to scale, increasing its capacity by over 15x and creating the leading renewable company in Central America.

Actis' sector insight and global relationships not only helped the company grow by developing and acquiring additional projects, it also drove the optimisation and de-risking of the platform. For example, Actis' global relationships with turbine suppliers and contract negotiation experience drove \$38m cost savings in the Cerro de Hula project, significantly enhancing project returns.

Actis' global relationships with lenders and sector stakeholders resulted in further asset de-risking through the involvement of top-tier development finance institutions (such as US EXIM, FMO, DEG and Proparco), the provision of sovereign guarantees and acquisition of Multilateral Investment Guarantee Agency ('MIGA') insurance.

Responsible Investment

Many of Actis' energy investments are majority or wholly owned platforms. We are thus able to ensure there is a Head of ESG appointed at the platform level and to establish an ESG sub-committee to the Board. We periodically host meetings for portfolio company ESG managers globally to share best practice and discuss commonalities.

Established in 2011, the Actis Energy Impact Model assesses the value drivers in all our energy investments across six categories: Finance, People, Social/Community, Infrastructure, Environment and Governance. It helps us track a company's performance over time against these focus areas, and develop new targets as initial action points are progressed.

GME is led by an exceptional management team, with over 100 years of combined renewable energy experience. The company upholds and operates world-class ESG practices, meeting the highest international standards.

Environmental management

- GME is committed to upholding the highest environmental standards – and adheres to both IFC Standards and Equator Principles.
- The Company's dedicated team of eight ESG professionals comprised highly qualified individuals with technical expertise in biology, organisational physiology, and forestry.

Community and stakeholder engagement

- GME's comprehensive social management plan closely monitors the impact of the Company's operations on 'influenced communities'.
- Cerro de Hula won the 'Best Community Initiative in the Region' award for an innovative programme to support local communities. GME led the registration process for over 240 Honduran farmers who had never previously held title to their land.

Compliance and governance

- The Company has strict compliance and governance standards through a set of company-wide processes, systems and internal policies. These are overseen by the Actis-led Board of Directors and Audit Subcommittee.